The Working Circle II

Second Annual Wood Conference and Trade Show

Courtenay, May 31 - June 1996

Sponsored by:

- Forest Renewal BC
- Vancouver Island Association of Wood Processors
- North Island Woodlot Association
- Ministry of Small Business, Tourism and Culture

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Conference Summary

Wood Conference '96 – Working Circle II (held May 31 to June 2, 1996, at the Florence Filberg Centre in the Comox Valley), was sponsored by Forest Renewal BC and the Ministry of Small Business, Tourism and Culture, in partnership with the Vancouver Island Association of Wood Processors and North Island Woodlot Association. Conference Committee members are listed in Appendix A.

"Profit in Processing–Island-Style" was the theme for this year's conference (last year's Conference dealt with the small-scale woodlot and harvesting sectors of the wood industry). Speakers, workshops and panels focused on processing in the wood industry on Vancouver Island – how to be more productive and profitable while at the same time being in tune with consumer and market-place needs and demands.

One hundred and forty-seven delegates attended. They included: owners of woodlots; small logging companies; tree farms; manufacturers and processors; environmental and aboriginal organizations; wood industry suppliers of products and services; educators; workshop and panel presenters; and government agency representatives.

The main conference objective was to provide and facilitate educational and networking opportunities among the delegates and participants, in order to increase awareness of and enhance activities in the small-scale wood industry.

The educational goal was accomplished by providing a keynote address, workshops and panels focusing on the theme.

A student educational day and woodlot tour were organized on the Friday prior to the start of the Conference.

In conjunction with the Conference, a trade show and equipment exhibition were held for suppliers, associations and special interest groups, to demonstrate their products and services.

The networking goal was accomplished by delegates participating in the previously noted activities, as well as by organizing social activities and lengthy break and lunch times during the Conference.

The delegates' evaluations confirmed the Conference goals were met and valuable suggestions and comments were provided for future conferences.

Conference Program

Friday, May 31

- Student Educational Day
- Woodlot Tour
- Meet & Greet Evening with Trade Show

Saturday June 1

- Keynote Speaker, Sven Sjunnesson, Skogsagarna Riksforbundet
- Workshops:
    - Chips to Chips—Optimal Forest Planning
    - Starting Your Own Woodlot—What it Takes
    - Does Your Banker "Speak Wood"?
    - Loggers "Logging On" with the B.C. Wood Fibre Network
- Vancouver Island Processors Panel and Question Period
- Trade Show (continued)
- Equipment Exhibition held during day
- Social Evening

Sunday June 2

- "Product & Plant... the Future" Panel and Question Period
- "Marketing & Networking" Panel and Question Period
- Trade Show (continued)
- Equipment Exhibition (continued)
- Conference Adjournment - 2:00 PM

Conference Program Reports

Friday, May 31

Student Forum & Educational Day

The conference provided an ideal forum in which to introduce students to independent woodlot owners and wood producers. This sector of the wood industry is much overlooked and misunderstood by the public.

Generally, the goal of this forum was to introduce students to a thriving small business sector. This would include those that operated private woodlots as well as the small to medium-sized manufacturer. More specifically, the goals were to:

- raise the awareness of potential career opportunities;
- raise awareness of available education paths to attain above goals;
- provide a greater awareness of the range of potential wood products; and
- introduce students to a range of manufacturing and entrepreneurial possibilities in the value-added sector.

The range of speakers were able to cover employment criteria in both forestry and wood manufacturing. Information regarding entry-level requirements at both the high school level and college levels were openly discussed and created a broad range of discussion. The introduction and discussion of the new Forest Science 11 and 12 electives were well received.

Charlie and Gerri Parsons set up and ran a demonstration sawmill with a good level of participation from the students. The purpose of this was to demonstrate various lumber recovery techniques used in today's sawmill environment. The actual breakdown of the log and various techniques of moving and positioning were discussed.

The morning workshop and speaker sessions were also successful with a very positive input from the students. Presenters were: Ian Hartly, Forintek, Research Scientist; Vern Schram, Forest Education BC, Program Coordinator; Christine Forget, UBC, Co-Op Coordinator; Kerry Jantz, Vanderhoof School District, Curriculum Development; and Andrea Lang, Ministry of Forests, Planning Assistant.

One hundred and seven students and 15 teachers from Comox Valley, Port Alberni, Campbell River, Port Hardy and Parksville School Districts attended.

Woodlot Tour

Seventy-five persons registered to accompany Harold Macy on a tour of the forestry operations at the 700-hectare woodlot at UBC Research Farm near Oyster River. Sites were visited showing various plantations, pre-commercial thinning, pruning and selective harvesting. There was much discussion on silvicultural techniques in woodlot forestry. The successful integration of forestry in an agricultural context was shown to be a viable and mutually beneficial partnership. The topic of non-timber forest resources, such as greenery, herbs, edibles and medicinal plants was brought up several times on the tour. This sector of forest management was seen to be increasing in both the fiscal reality and the sustainable planning of a viable woodlot.

Trade Show

The trade show participants ranged from suppliers to educational centres to associations all involved in the wood industry (Appendix B lists trade show participants). The trade show was held from Friday evening to the end of the Conference on Sunday.

Meet & Greet Evening

The Conference hosted a meet and greet evening to encourage delegates to network, meet each other prior to the Saturday start-up and view the trade show displays. Approximately 100 people attended, including invited dignitaries and corporate sponsors.

Saturday June 1

Equipment Exhibition

The exhibition was active Saturday and Sunday with Charlie Parsons also demonstrating for the Friday student forum. Seven suppliers/demonstrators of equipment, portable sawmills and forestry-related items participated (Appendix C lists equipment exhibition participants).

Keynote Speaker—Sven Sjunnesson, Skogsagarna Riksforbundet

Sven Sjunnesson reported on forest owners associations in Sweden and their impact on the development of privately owned forestry. His detailed notes are attached as Appendix E.

Workshops—10 am to Noon

This year four workshops were repeated twice to offer delegates an opportunity of attending two out of four presentations. A total of 101 delegates attended the first set of workshops; 98, the second set. The other delegates either browsed in and out of the workshops or did not attend as they chose to stay at their trade show/equipment exhibit. [Note: reporting of presentations are presented below, verbatim, from provided notes.]

1. "Chips to Chips—Optimal Forest Planning", presented by Kenneth Mitchell and Mario Di Lucca, Research Branch, BC Ministry of Forests

No notes were provided.
(24 participants in the first presentation; 25, in the second.)

2. "Starting Your Own Woodlot—What it Takes", presented by Mike Larock, Huock Resource Consultants and Niels Holbeck, MacBlo Hybrid Poplar Program

Small-scale forestry is important to the province's social and economic well-being. Woodlot and woodland areas are often close or within settlement areas. They are, in my view, connected to the ecological health of the community. It is the presence of mind and foresight of small-scale woodland owners that provide community benefits within rapidly growing urban development.

Woodlot: An area of land that will be managed for the growth, development and use of a forest ecosystem. The area may be as small as a grove of trees in an urban setting or up to 1000 hectares in a larger forested landscape. The terminology is often used to describe a small, private forest land estate (Woodland) or a Crown land tenure issued by the Ministry of Forests under the Woodlot License Program.

Forest: A plant community predominantly of trees and other woody vegetation, growing more or less closely together. (Managing Your Woodland, Canadian Forest Service.)

The path to starting your own woodlot begins with acquiring a private land base or a license to manage a unit of Crown land.

[Mike Larock's extensive notes are attached to this report as Appendix F. The notes cover entering the forest management cycle, managing your woodland and private forest land owners survey results.]

(Twenty-eight participants in the first presentation; 24, in the second.)

3. "Does Your Banker "Speak Wood?", presented by Mike Popoff and James Girvan, Forestry Services, Scotia bank

Jim Girvan has worked for a number of years in the forest industry. He has specific experience as a consultant in engineering, small business license acquisitions and management of a small company. In his role with Scotia bank, he works from Nanaimo as the Forestry Commercial Account Manager.

The presentation focused on what the bank looks for in a lending proposal. A series of overheads identified the various components of a business development plan.

Jim identified some of the challenges facing the forest industry (i.e. increasing demand, increasing competitiveness and a declining supply of raw materials).

Q: This discussion could have been about any industry. If someone came to you and said they were interested in buying a woodlot, would you look at that?

A: Are you asking whether we would assist you to purchase land? Yes, we would look at the purchase of fee simple land. Questions we would have would be: What is the level of inventory? Are you acquiring it to harvest timber? What is the value of the timber? What else do you plan to do? We would look at it from a profit and loss perspective.

Q: In your experience, what is the normal price for forest land?

A: It's all over the map. There can be a great variation in pricing. For example, look what has happened to the pulp market in terms of price fluctuations and that has an impact on the price of the land.

Q: Are you familiar with the recent purchase of the Mount Benson lands at $1,000 an acre?

A: No, I'm not, but in any land acquisition situation, we would look at what kind of cash flow you would have to service the debt.

Q: What about the small business forest enterprises that are advertised?

A: We look at about 80% of them. A good business plan is imperative and that, of course, would be included in the application with good forecasts and projections.

Q: Sometimes the applications are overly optimistic in order to get the job.

A: Yes, it would need to be realistic.

Q: Once a business plan is submitted to you then do you advise the client?

A: Yes, we take a look at it and identify the pressure points. We have access to up-to-date information on marketing, pricing, and so on, and we use that to evaluate the plan.

Q: Could you access that information for us?

A: We could support that, but perhaps a better route would be BC Wood Specialties and they could provide guidance. Other sources are; the

Widman newslette, Random Links, Madisons Lumber Reporter out of Vancouver and there is a pulp source, Ross Hayro.

Q: Has the chartered bank changed? Have you changed your focus?

A: We are seeing growth within this sector at 25 to 30% province-wide within this sector, and our portfolio is pretty clean. We are, of course, trying to make the best use of our resources and we may not have our most experienced person in the industry in somewhere such as Port Hardy.

Q: This is a question about the Provincial woodlot license method and procedure for valuing. Do you have a lending program for that?

A: No, not a specific program.

Q: What is the value ratio you look at when financing the purchase of a forest?

A: Seventy-five percent wood. We want to see us out of it with zero residual. We don't speculate on land.

Q: Comment on business planning and the importance of doing the planning before seeing the chartered banker as first impressions can be lasting ones.

A: (Recorder's notes missing answer.)

Q: Does the branch manager look at management capabilities and the fact that we are creating employment, for example, on the North Island?

A: No, we look at business viability.

Q: What is the charge to process the loan application?

A: Typically, if you are an existing or a new client, there is no fee to look at the business plan.

Q: We have a secondary processing plant. There was a fee right up-front with your bank to cover the cost of processing our application.

A: If we negotiate a fee and we don't provide you with something, we'll return it. At times, there are fees involved and they are always totally negotiable. In the case of valuing real estate, yes, there are fees and sometimes they are significant.

(26 participants in the first presentation; 26, in the second.)

4. "Loggers "Logging On"", presented by Chris Amor, BC Wood Fibre Network

A presentation kit was made available to participants that highlighted the BC Wood Fibre Network software log on process. Chris Amor spoke about the history of the Network. The Network is a vehicle to connect buyers and sellers of logs and lumber, find new contacts, industry information, market information and conduct business. As a subscriber, you will receive a software diskette that is loaded into your computer and you're off and running. You require a 386 computer (no Macs), modem, mouse, Internet connection and Windows 3.1. Chris gave a live on-line demonstration of how one would use the Wood Fibre Network upon logging in. Software bar-headers are; *File, Lumber, Logs, Industry Information, Organizations, and Settings.*

Lumber: Permits entry listings of products for sale, or search for products (lumber: dimensional cuts) according to specifications or species you wish to purchase. Presently the service is used by approximately 200 users with approximatel 3.5 million feet of board lumber being advertised for sale.

Logs: This is similar to the *Lumber* file. One function the program offers is a demand inquiry search engine. The user enters the specifications of the lumber or logs they wish to purchase and then posts it to the board. Automatic matching is a feature of the program and if products meeting your specs are available, you will be told immediately. Otherwise, you may elect to post your inquiry for 30 days in anticipation of a source.

Industry Information: Offers several subcategorizes such as: current market lumber prices; financial markets; current Vancouver Log Market prices; Search Products and Services; Equipment Buy and Sell; Value-Added Information (opportunities listing); International Currency Exchange Rates; Bulletin Board; Events; Company Listings; Madisons Canadian Lumber Reporter; Industry Issues; and more.

Organizations: Provides information from many organizations involved in the forestry industry including news releases from Forest Renewal BC and Ministry of Forests.

Settings: Permits a listing of a profile of your company on the Network and allows searching for companies based upon their products.

Job posting capabilities may also be available in the future where companies can post for positions required, as well individuals seeking

employment will be able to post their resume. The automatic search engine feature will also be available where postings for employment will be immediately matched with resident information already posted from the individual seeking employment.

Q: Will posting for pulp and paper products be available?

A: Not right at the moment. Logs and lumber are the present priorities.

Q: What is the function of the Equipment Buy and Sell section?

A: Basically it is a classified advertising section. However, there is little activity on this section at present.

Q: Do you have to be on the Internet to access the Network?

A: Not really. You can use our spandial telephone number which gives you direct access. You may also use the Internet to find the Home Page, however, the system is not really in the Internet. It is a private system hyperlinked to the Net. In reality, this is an intranet system, a closed system. Some 14 year old kid from California won't be able to post a 14 million board foot sale on the system.

Q: What is the e-mail function for?

A: Sending mail back and forth via the computer for communications.

Q: Are there overseas buyers on the system at the moment?

A: No, not at the moment. There are subscribers overseas but they are not actively buying or selling.

Q: Are you tracking hits, inquiries?

A: No, we have not given any thought to using the site to generate statistics.

(23 participants in the first presentation; 23, in the second.)

Vancouver Island Process Panel and Question Period

Panel Members: Albert Orcutt, Errington Cedar Products; John Denny, Aurora Woodwork; Hans Baer, Baer Woodworking; Harold Macy, UBC Research Farm.

Albert Orcutt began his presentation by asking "What is value-added?", and judging by the various replies from the audience, it means many different things to many people.

Albert first entered into the "value-added" business as a fisher when he realized that wholesaling his fish was not bringing him the return for which he was looking. He decided to go directly to his customer in Japan and find out exactly for what product the customer was looking. As a result of this inquiry, he cut and packaged the fish exactly to his customers' needs and by doing so, he developed the price that he had been getting for the same fish.

In 1987, Albert began his career in the number business by operating a small primary breakdown mill. He decided to follow the same principles as he did with his fish business by going directly to the end-user to obtain specifications of their needs. Shortly after, he met the man who is now his business partner. This person specialized in marketing to Japan. Between them, they developed a business plan using the steps mentioned. It has proved to be successful.

John Denny's story began with an idea. He then set about trying to make that idea into reality. He had no previous experience in the lumber industry. John started by getting into construction. As his knowledge and confidence grew, he began building his own doors, windows, and cabinets. Encouraged by the positive response to his creations, he decided to concentrate on finished products.

For the first time he faced a new problem, marketing. He tried many methods to reach potential buyers such as advertising in the Yellow Pages and displaying his products. However, these methods were slow. By accident, he came upon a scheme that enabled him to display his products by using a transport rack that he had built for his truck. This rack could display two of his doors on each side of the truck, showing four doors in all. Also, John added his company name to his truck with his telephone number and the response was great. Marketing is still one of the challenges facing John.

Either he must commit himself fully to production or to marketing if Aurora Woodworking is to grow.

Hans Baer was a very skilled woodworker when he decided to start a business of his own. Hans had completed his apprenticeship in cabinet and furniture building in Europe. Hans and his wife Karen, first began their business in Ontario by building cabinets, furniture and children's toys. After about five years they decided that since their raw material came from B.C., why not move closer to the source. They have now relocated their business to Port McNeill on Vancouver Island and the business has grown since the day have moved. Seven staff are now employed.

To Han's and Karen's surprise, obtaining raw materials are still a challenge to them, as they require high-grade kiln dried lumber of varied species. The location they have chosen also presents obstacles by reason of distance to skilled workers, however, it is still a positive decision as the business is growing.

The Baer's sell their product in North America, Belgium and Germany and are working on establishing good working relationships with several brokers to market their products world wide.

UBC Research Farm Forester Harold Macy commented that while the majority of speakers on this panel and at the Conference will be addressing how to obtain better utilization from a piece of lumber, he would like to back up a bit. "Many of us on Vancouver Island grow trees; some practice what I call *'forest management neglect'*, we cut some here and there and let nature fill in the gaps. We do not come snooping around in the woods again until we need a new pick-up truck or the daughter is off to University. Although there are some negative aspects to this approach, it does work. Given enough time nature can even hide the decades of abuse from corporate industial forestry. But do we have time?

"I suggest we woodlot operators get together with local re-man mills and work out a sweetheart deal. So when I fell a nice fifty centimetre fir, I already know I can sell it to Tony down the road. The alder I am clearing on a site rehab operation can either be sold as cheap firewood, or I can take the time to buck out the good clears and send it over to Dave at his flooring plant. Short logs? No problem.

"Value-added starts in the forest. Crown depth, stem density, site index, stand and species compostion, and silviculture operation all determine what one will have to run through your mills. Poor forestry will equal poor inputs for processing."

Social Evening

A no-host bar, dinner, and entertainment provided delegates and guests with an informal and fun time to encourage fellowship and further networking.

Sunday June 2

"Product & Plant... the Future" Panel and Question Period

Importance of Product Design, Grant McKinnon, Pacific Group

I was asked to talk about product design and how design is linked to sales. I thought I would use our experience of the design work we do for the packaged home division of our company, using real-life examples and relate that to the importance in sales rather than lecture on general product design principal. You can draw your own inferences as to how this relates to your business. To begin, I will give you an overview of the business that the Pacific Group is involved in.

Pacific Group is a diverse manufacturer and distributor of building materials for the residential and commercial construction industry. It was started in 1959 by my father with a small building supply in Cobble Hill. It has grown to seven divisions with operations on Vancouver Island, Surrey, and Langley. The business is now run by myself and my two brothers. I was with InterFor and moved back to the Island in 1991. I worked, for two years, with a sales driven company that sold trusses and have been manager of Pacific Homes since then.

Pacific Builders is the largest truss plant on the Island and manufactures roof trusses for residential and commercial buildings, as well as a large business in engineered I-joist floors.

PBS Doors has a large door hanging operation in Surrey which specializes in the higher end door and window business and an operation in Cobble Hill catering primarily to contractors.

Pacific Wall Systems produces wall panels, pre-insulated with polystyrene and conventional wall panels used in the packaged home division.

Pacific Homes primarily buys from the other divisions and outside sources so that it assembles a panelized package home. These homes are sold through a dealer network in B.C. primarily, as well as into the Yukon, the Western US and approximately 20% overseas export primarily to Japan.

Canarc Construction is a fully bonded construction division that specializes in construction in isolated areas using the packaged homes.

Timberlock is a spin-off of Pacific Homes that was developed primarily to meet the Japanese demand for one product—namely a quickly built, easy to assemble, mini house that is used for granny suites and children study houses in Japan.

Together these divisions employ 150 people with up to 190 in summer. Because of our value-added capacity we are involved in the SBFEP and have just finished a Category Two license in the Lake Cowichan area and are actively pursuing others. We are also involved in separate ventures in residential subdivision, commercial, retail and apartment developments around the province, and are partners in a lumber brokerage firm.

Since many of our divisions are retail or custom production facilities in the case of Pacific Truss and PBS Doors, I will concentrate my comments in the Pacific Homes and Timberlock divisions which are most suitable to the topic. I will use these divisions to show examples of what we have to incorporate into our product design to suit the needs of our customers and enhance our sales.

When looking at product design in Pacific Homes there are the two major markets that we consider, domestic and export. Many of the comments for the domestic are also applicable to the export market. In fact, the export is just an extension of the techniques used.

Domestic—in general, Pacific Homes acts as an expediting agent and buys from the other divisions and from suppliers that we do not normally stock in the building supply. We bring all these products together and package them into a format that is user friendly.

Our basic premise is that a customer who knows very little about construction will be able to assemble one of our home packages. This, therefore, becomes the driving force in design coupled with the customer's vision of what he wants his house to look like.

Our challenge is to take as much of the technical expertise out of the hands of the person on-site and manufacture that expertise into the package. We design and engineer a home that will be esthetically pleasing and functional while meeting all the required building codes for the area.

About 50% of the time we have the luxury of designing the houses ourselves from sketches given by the customer. At this stage, we can greatly incorporate the product design for things that are easier for us to manufacture, with less chance of error on-site (i.e. truss roofs instead of stick framed roofs, engineered floor design, concrete footing designs that make it cheaper and easier to build).

The rest of the time we use the plans supplied by our customers and try to adapt them to suit our needs. By prefabricating the wall panels, floor joist

system, stairs, and truss roof system, we effectively reduce the house construction to an exercise in following number layouts and some basic carpentry skills. We provide the customer with an explicit construction manual that details most situations that the homeowner/carpenter will encounter. We also have a toll-free number for them to call when they run into difficulty.

In the past, the domestic prefabrication market has primarily focused on isolated areas, Northern B.C. and Native social housing—basically all B.C. boxes with vinyl siding. The Native business has almost completly disappeared as many Bands have formed their own construction companies.

The majority of our houses are now sold through dealers who often work as contractors themselves. We can be competitive on price even with the shipping, due to the high cost of material, high labour costs, and the slow construction speed in many small towns. These areas also have a very short building season.

The big design challenge, however, is that their customers are no longer satisfied with the standard look of prefabricated homes (B.C. box, cathedral entry) and so almost 75% of ours have been custom drawn and are often very challenging to prefabricate.

We now do all the fancy designs and finishes that one could get from a stick site frame job. As much as I would like to build 26' x 40' boxes, our customer base and their tastes have changed so much in the past 10 years that we would soon find ourselves out of the prefabricated business.

The export market is a little different in that the houses tend to be less complicated, however, we supply a more complete home package and are very careful to incorporate local codes and customs. The largest export market for Pacific Homes is Japan. We have been selling off and on for over 10 years. We get far more involved in the home and send all the finish carpeting, hardwoods, cabinets, so that it is a complete package. We have even furnished show homes right down to the dishes and window coverings.

The design of houses for the Japanese market is very unusual compared to a North American home as the lots are very small. They are usually about two floors of 20' x 30" or only 600 square feet per floor. This will include up to four bedrooms, two toilet rooms, one true "bathroom", living/dining room, kitchen, and tatami room.

Last year we sent a house that was three floors all 12'6" by 40' so that it looked like a rocket ship from the front elevation.

By North American standards the houses we have been manufacturing the last few years are very plain. This seems to be a move towards more affordability. All Japanese homes have some very different features. They have

an entrance way that is stepped down so that you take your shoes off and put them into a shoe box and put on your slippers. Many have a Tatami room; all have separate toilets from the bath, unit baths and a variety of other unique design traits.

With the small houses with many rooms, space is always at a premium. Therefore, we try to incorporate as much clever design as we can—toilets under stairs, attic storage, break-neck stair cases.

We are also very careful to design everything to fit into a container—no wall panels or trusses over 7'6" in height. With regard to the container and shipping cost, we must strive to reduce the bulk where possible. This means we design and precut all the interior walls but do not put them together.

We also use a line of cabinets that is completely knocked-down (an entire kitchen will fit on one pallet). We also have to be concerned about damage therefore, we put fragile products, like windows, into large crates before they are loaded into the containers.

So now we have it there and all in one piece and it just has to be assembled. It is a challenge training the Japanese to build a house using North American technology. Their traditional building style involves a post and beam frame made up of a 4x4 with in-fill panels between.

This age-old method is very labour intensive (the young Japanese are not interested in being carpenters, dirty, takes seven years, and they won't lift a hammer—builders average one to two houses a year) and has a bad habit of falling down in earthquakes.

The Japanese are finally realizing that there is better building technology over here but they have such a closed-door import policy that they cannot bring themselves to import the product and people to show them how to do it. We have often sent our own trades people to put up the houses or at least a supervisor but more and more this is not being accepted.

We, therefore, must try to make it as simple as possible for the recipient on the other end to put up this 25 tons of building product that arrives at the dock. We have formulated special tagging and labeling systems that help, not only for the customs clearance, but for the customer to know what it is he is looking at.

It may seem quite obvious to you or I what floor joist cross bracing is, however, it is completely nonexistent in Japan. Even if they get everything in the right place, there is no guarantee that it will be put up correctly. In the past, we have had humorous experiences with the bevel siding and interior pre-hung door units.

Timberlock Systems was started to build a product specific to the Japanese market. A Japanese building supply company was interested in having us prefabricate mini-houses which are 100 to 200 sq. ft. and used in the back yard of Japanese homes for granny suites and study homes for children.

We specifically designed a wall system that comes complete with the siding attached and painted and the insulation and window installed. We supplied precut floor joist, trusses, metal roofing and linoleum flooring so that the unit could be assembled completely in one day.

We have just sent the first order of 120 units to Japan and are expecting more in the future. This is the first complete system designed specifically for export in that it is very simple to build, load into containers, and assemble on site. The system only has four different wall panels (for a window, door, patio door, and blank panel), and it is completely interchangeable in any combination.

The instructions consist entirely of pictures and therefore are applicable for any country in the world. It is this type of product that will enable us to mass manufacture and market for export.

I would just like to briefly touch on the future trends in product design and I think this will apply to all business, not just the packaged home market. It is always changing and you had best learn to live with it. Look to the computer and software industry to see what happens to companies that do not continually change and upgrade their product designs.

In the packaged homes industry, we have seen changes in customer tastes that have forced us to redesign the product to suit. This will definitely continue in future and companies that do not change with the times will find themselves out of the business.

In the export area we are finding we must make it simpler for our customers to understand and as such we are experimenting with new designs that will eliminate any on-site expertise required. We also work hard with our customers to include features that are important to them and occasionally we advise them what not to include as it makes the job prohibitively expensive.

In conclusion, product design and continual redesign is crucial to the success of any company, not just Pacific Homes. It is important that all companies keep their customers up front and match their products to the needs of the customer, rather than try to force their designs on the customer.

By ensuring continual communication and after sales service, you will find that the best suggestions for changes in your products will often come from the customers themselves.

"Skills for our Future Forestry Workers", Tom Hedekar, Malaspina University College

What are the future market place needs for forest workers?

Forest Resource Development Agreement (FRDA) I & II over the past number of years, spent hundreds of millions of dollars reforesting "backlog" NSR and planted thousands of hectares of forest which now needs "tending". Tending a forest is like tending a garden...if you just plant your garden and leave it till harvest time, you take your chances on the outcome.

Chances are that productivity, quality, and possibly survival of some or all of your plants will be considerably less than if you had tended the garden as it grew by weeding, thinning out overcrowded plants, fertilizing, and protecting the crop from pests. In the forest, if we plant a new crop, it needs the same kind of care and attention that a garden needs, but on a much larger scale.

Through carefully chosen silvicultural techniques, we can strongly influence the quality, quantity, type and species of wood that we produce on any given piece of forest land. However, that requires a lot of work on our part, which means we will need a lot of workers with some very specialized skills to do that kind of work. If we do not do any stand tending on these new forests, then we'll have to take whatever Mother Nature gives us and in her own good time, which may be a little less than we were hoping for, and a little too late to preserve the economic well being of the industry in B.C.

To further increase the need for intensive forest management and stand tending, add to the equation, the shrinking forest land base caused by alienation of forest lands for a number of other purposes. For example increasing park land, nature reserves, agricultural development and urban encroachment.

Most of the lands required for these other uses have to come from the forest land base, thereby reducing the actual size of the forests upon which we place increasing demands for wood fibre. In other words, we have to produce more wood on less land. To meet those demands for fibre, intensive forest management practices have to happen in order to ensure that we achieve very high levels of productivity per hectare of forest land.

Where will the demand for jobs be?

If we accept that a great deal of silvicultural work needs to take place in the future, then we will need a skilled labour force to accomplish our goals. We already have a large number of professional foresters, technologists and technicians, but the educational institutions aren't currently able to satisfy the demand for available jobs in those categories. Most of the physical work involved in stand tending will be done by someone that we might classify as a skilled labourer and I believe that there is where the real demand will be for forest workers in the days to come.

Where can people get the training that's needed?

In B.C. we have post-secondary institutions that provide forestry education and training at the university degree and college diploma level which prepare their students for careers in professional forestry and forest technology. We have recently seen the introduction of one-year forest technician programs at a couple of community colleges.

Demand, however, still exceeds supply. There are six colleges with two-year forest technology programs in B.C. and they are all seriously over subscribed with as many as five or six more applicants for each available seat. The need for more spaces in these programs is currently being addressed by several proposals but it is unlikely that any of them would be able to meet the need for this September. This puts them at least another year away and even at that, there is not any guarantee that any of the current proposals would fill the existing demand. There is also the argument that this high demand is just a peak in the cycle and is not sustainable in the long run.

Forest worker training is a whole other matter. It's difficult to find a place in BC where there is not at least one group doing some sort of forest worker training. The unfortunate aspect of that is that little, if any, is provincially coordinated and there aren't really any provincial standards established for things like course length, content or curriculum and delivery methods.

Forest Renewal BC recently undertook a provincial inventory of training courses and materials that are available in B.C. for the forest worker level.

That report just landed on my desk this week and it is a pretty thick document. I think this inventory is an important first step to provide for the orderly development of a provincially coordinated forest worker training program which, as I mentioned, doesn't currently exist in B.C. At the moment,

there isn't really any kind of forestry education system in B.C. that allows an individual the opportunity to start at an entry-level and progress upwards without repeating a good deal of that which they've already learned. There are one or two exceptions to that, however, by and large there's no provincial system in place at this time.

So the question remains, "Where can a person get the training or education they want?" I'm not sure the answer is as easy as we would like it to be. For the moment, people will still have to compete for the available seats that exist in the colleges and universities for which their academic qualifications and in many cases, their work experience in forestry, will be used as evaluation criteria.

Forest worker training, however, is still somewhat "ad hoc" and disorganized. It is available wherever you can find it and for the most part, is not structured or scheduled in the same way that the college programs are. The most common situation seems to be the availability of particular courses or training on a "demand" basis and is often delivered by consulting firms and other organizations as and when required. Forest companies often do much of their own training. Also, it is usually done by someone in the company as and when the need arises.

There seems to be a great deal of demand for forest workers training, both from the industry as well as from the workers, and I believe,we have established the need for the work to be done. So I think what we really need now is a system put in place that would allow people access to training courses that are provincially accredited, provincially coordinated and delivered on a regularly scheduled basis. This would allow people to take courses that would be recognized all over the province, receive credit for the courses on a permanent training record, allow worker mobility from region to region and hopefully, satisfy the prerequisites for higher levels of education if desired.

"Upping P & P with the Equipment on Hand", presented by Stan Masse, Masse Sales Ltd.

Findings:

Small things make a large difference. Try some unusual things—they work. You never know until you try.

Next to sand, grit and rocks on the wood, heat is the enemy of cutting edge:

Pitch and resins build up. Heat increases. More pitch and resin build-up breaks down cutting edges. Corrosion and erosion of the edges. Corrosion is chemical reaction. Increase 10 deg. C^0 doubles rate of reaction.

Clean the tools:

Use blade cleaners on the cutter - BEFORE USE - Oxisolve, caustic, ultra-sonic - heat and vibration increase cleaning. On the cutter DURING USE - at breaks, spray on using pump sprayer, air pressured sprayer. Next wood blows off pitch and resin.

Lubrication:

Everyone accepts lubrication where it is imperative, for example, engines. How about other areas? Table tops - feed easier. Oils, Silicone. However both these will hinder paint, stain and glue. Micro-Teflon will not affect paint, stain and glue.

Tooling:

Again use Micro-Teflon. Examples of use; circle saws, band-saws, finger joiner cutters, lathes, shapers, moulders. On the cutter before use. On the cutter during use-intermittent, relatively continuous-adjustable in time and dosage.

Cutting tools:

Grades of steels-carbon and alloys make the steel. Heat treatments-what it does. Discuss grades of steel. Suitable for different uses. Try steels to find the best for you depending on your wood and process. Cedar and glue lines are corrosive-require better steel or other.

Carbide brazed tooling-lower grade to resist brazing stresses. Carbide insert tooling-higher grade due to bolt and pinned in place. Laminated steels-special hardness.

Increasing production with machinery:

A standard small shop uses a joiner to straighten the bottom, then one edge, then use the planer to size, then the shaper to profile.

One should use the feeder unit on machines such as saw, shaper, etc. to keep feed uniform and knife marks per inch constant which provides less effort for operator. Feedrolls are the replaceable type for better life and feed. They are more economical for the shaper, moulder. What is a moulder and how did it develop? What can it do for you? It is eight times more productive than a joiner, planer and shaper. Basic machines are limited to 30 to 40 fpm. It can go faster, but is more expensive with locating the cutterhead with hydro-lock tooling. Need jointing? What is jointing? Why? Speed is then limited to a number of knives in the cutterhead. Computer-operated-push button and heads move to the correct location so the first piece is on size. We are in the computer age. Optimizing rip and cut-off - computer controlled. Increase recovery and grade (combined) up to 20%. That is your profit. Optical and x-ray scanning. There also is Voice Recognition at some mills already.

Product & Plant—Swedish-Style", Sven Sjunnesson, Skogsagarna

What is value-added? There are different definitions. Obviously it has something to do with the wood before it is coming out on the market. It includes: biological matters in the form of improving quality, fast growing, etc.; harvesting operations; transporting; marketing; and processing. The first two involve knowledge and expertise. Transporting and marketing mean offering the market large quantities and specified dimensions and assortments delivered just in time. This means a well developed price list and hard but fair negotiating on prices. Everything must be market driven with no subsidies.

In the Skogsagarna association, our industries are only tools for giving a higher value to the forest owners' wood (pulpwood 10%, sawlogs 20%).

a) We have better information and access to the marketing.
b) This gives us a sharper position when negotiating prices.
c) Securing the sales of wood.
d) We make money on processing (but we must be very efficient).
e) Consolidating the economy of the association (depreciation for fixed assets and on stocks), balancing money and investment funds.

"Marketing & Networking" Panel and Question Period

Emerging Markets & Trends, Bob Holm, B.C. Wood Specialties Group

Graphs and charts presented by Bob Holm are attached as Appendix G.

Making Green from Green, Fred Gale, University of Victoria

On The Supply Side

Fred Gale's flow chart is attached as Appendix H. A large number of stores were aware of certification (31 stores, 82%); 16 requested certified wood products; 16 sold certified wood products; 53% (20 stores), indicated they were prepared to pay price premium of 5% (15 stores of 10%; 5 stores of 13%).

A qualitative survey by the World Forest Institute, noted that retailers favour certification if it is done by credible, third-party certifiers, as it absolves retailers from the responsibility for monitoring sustainability claims. UK Buyers Group, led by Sainsbury's large British chain store; FSC committed by year 2000. The Home Depot promotes products with exceptional certified accomplishments; Link with Collins Pine who are SCS certified. Gibson's guitars is purchasing maple from Menominee Forest Enterprises.

On The Demand Side

Demand for Eco-Certified wood products comes from the end consumer, product specifiers, retailers, and government.

End Consumer:

Mater Engineering cites recent study from Ozanne/Smith on consumer profile of US single family. Twenty million SFH's fit profile of those "willing to purchase eco-certified timber products. Profile of US eco-consumer is someone who is politically liberal, democratic, female, member of an environmental organization, and moderately educated. Read, 1991, found consumers willing to pay 13.6% more for wood from sustainable sources.

Winterhalter and Cassens, 1993, found that 56% of affluent households are willing to pay at least 10% more for sustainable wood products.

Product Specifiers:

Western Wood Products Association (WWPA), surveyed 20,000 retailers/wholesalers and secondary manufacturers, and specifiers indicated that those who specify building material needs (architects, for example) are aware that customers are "asking more questions/showing concerns about environmental impact of wood products" (50%); "believe they may be harming the environment by using wood products (32%); and "have asked for guaranteed/certified "enviro correct" lumber (13%); and that it would be "of benefit to offer lumber from a certified sustained-yield forest (60%). A study appears to be corroborated by independent research by David Cohen of UBC.

Retailer:

The WWPA study suggests retailers are aware of clients showing environmental concern (47%); that the concern has increased within the past two to three years (55%); and that customers believe using wood products may be harming the environment (28%). However, these retailers were skeptical of customers' demand for "enviro correct" lumber (3% indicated there was a demand); and 22% of customers would be more comfortable using a certified product; and only 3% reporting that clients would pay a premium. An Institute for Sustainable Forestry study surveyed 38 retailers from home centre and do-it-yourself stores in Oregon, Washington, and California in 1995. A large number were aware of certification (31 stores, 82%).

Governments:

There are local government procurement programs in the Netherlands and Germany. There are also provincial and national environmental procurement programs such as Canada's "Environmental Choice" program.

Conclusion

1. Eco-Certification and eco-labeling schemes are very new and only limited practical experience.
2. A rapidly growing demand exists for eco-certified wood products and a modest price premium may be paid (5-10%).

3. The supply of eco-labeling services is weak in Canada, with only the Silva Forest Foundation currently active. This is likely to change in the short to medium term with the implementation of CSA schemes.
4. A contest will develop in the market over the credibility of ecolabels reflecting the political struggle taking place between large, publicly quotes, international mobile corporations and small-scale, family-owned operations on the one hand; and the struggle between "scientific" forest management and eco-system-based forest management on the other.
5. In this struggle, it would be advisable to have "enviros" on your side. Otherwise, your investment in purchasing Ecolabel and Ecocertification services could go down the drain if the logo you have obtained becomes associated with business-as-usual forestry.

Getting to Know Your Market...Western North America, John Millin, Lumach International Agencies Inc.

No notes provided.

Getting to Know Your Market...The International Trade, Steve Kaufmann, Kaufmann Pacific Wood Products Ltd.—

Marketing is a cooperative effort between sales and production - Product identification and development, market identification and development, constant mutual feedback essential.

Value-like beauty is in the eye of the beholder—Yellow cedar (firewood, stadium plank, interior paneling, window stock, temple components). It is not the processing that creates value... it is the market appreciation.

Effective resource utilization—"Water, water everywhere and not a drop to drink." The Ancient Mariner - direct the right raw material to the right processor and train people to have the necessary skills. A long term transformation of our industry.

Maximize advantages and minimize disadvantages—Advantages are: abundant resource and cost competitiveness. Disadvantages are: distance from market, response time, flexibility, market knowledge, and cultural distance.

Product Identification and Development—What is in demand? Which products best suit my capabilities? Which products give me the best return on my resources? What are the detailed technical requirements?

Market Identification and Development—How large is the market? Who is supplying the market now? Who are the principal distributors and users? To whom do I sell? What are the competitive factors? What are the regulatory factors?

Main World Value-Added Wood Markets—Japan, Europe and North America have the living standard to pay for value-added products from Canada.

Creating Value in Wood—Improve the allocation of the appropriate raw material to specialized end-users. Expand wood products education and promotion at all levels. Promote a wood culture at home as a key to success anywhere in the world.

Japanese Housing Starts—Japanese housing starts are high but declining; wooden starts are about 600,000 units; prefab starts about 200,000 units; and platform frame starts 70,000 units.

Japanese Market for Glulam Posts—Europe has taken over the supply of lamstock. Lamstock prices have declined less than prices of finished posts; prices in US$/m³.

Japanese distribution channels—Large trading companies; specialized importers; wholesalers; home builders; precut manufacturers.

Value-Added Products-Europe—Window scantlings, edge-glued board, paneling (market is weak and under attack from Eastern Europe).

Value-Added Products-North America—Home Centre products, edge-glued boards, furniture components, pattern moulded stock.

Conference Adjournment - 2:00 PM

CONFERENCE MATERIALS

At check-in, delegates received a conference package containing:

- a delegates' list
- Skogsagarna Riksforbundet brochure
- Conference Centre floor plan and map to dinner site
- welcome letter from VIAWP and NIWA
- a post-conference directory form to complete
- request for feedback form to complete
- pen
- name tag
- door prize ticket
- dinner tickets and a personalized form confirming their workshop choices, souvenir purchases and dinner arrangements.

The post-conference mailout is to consist of the delegates' directory and this report.

"REQUEST FOR FEEDBACK" RESULTS

Fifty-five of our 147 delegates completed the feedback form. The information received was extensive and very useful. The conference committee received the full report as a separate document – the highlights are summarized below.

1. 96% said the conference helped enhance/improve communications between the various groups and individuals involved in the independent forest industry; 2% did not and 2% were spoiled answers.
2. 75% picked up some potential solutions to issues of concern to them; 12.5% did not; and 12.5% were spoiled answers.
3. 84% found out about potential opportunities for new business, customers, start-ups, expansion or improvements; 14% did not; and 2% were spoiled answers.
4. 69% rated the keynote speaker, Sven Sjunnesson, a '4' or '5' ('5' being excellent); 9% were spoiled answers.
5. There was a wide range of ratings for the four Saturday morning workshops, with the majority of responses in the '3', '4', or '5' range. This is to be expected with the delegates having such diverse areas of interest. 15% of respondents did not attend the workshops and 15% were spoiled answers.
6. 60% rated the "Process Panel" on Saturday afternoon a '4' or '5'; 7% did not attend and 13% were spoiled answers.
7. 56% rated the "Product & Plant... the Future" panel on Sunday morning a '3' or '4'; 11% rated it a '5'; 5% did not attend; and 20% were spoiled answers.
8. 44% rated the "Marketing & Networking" panel on Sunday morning a '3' or '4'; 25% rated it a '5'; 2% did not attend; and 23% were spoiled answers.
9. 39% rated the woodlot tour on Friday a '4' or '5'; 45% of respondents did not attend; and 9% were spoiled answers.
10. The main things that people liked about the conference:
    - networking, making contacts, bringing small operators together;
    - diversity of speakers, topics, ideas and information;

- opportunity to discuss problems, work on solutions, see products/services in the industry; and
- the food, organization, and entertainment.

11. The main things that people liked least about the conference were:
    - focused too much on processing instead of other areas in the wood industry (such as value added, employment, woodlots) [*Note*: this year's conference theme was "Profit in Processing"];
    - speakers not keeping to time limit and special interest speakers;
    - shortness and "rushed feeling" of workshops, and not being able to attend all of them; and

    There were many of suggestions were given for improvements which will be valuable for future planning.

12. 96% rated the organization, staffing, and running of the conference by McLean Productions, Conference Coordinators, '4' or '5'; 20% were spoiled answers.

13. 47% rated the specific dealings with McLean Productions staff prior ,to or during the conference, as a '5'; with 6% rating a '4'; 36% 'not applicable'; and 9% were spoiled answers.

14. Many of valuable suggestions were given for possible delegates, equipment or trade show exhibitors, speakers and topics for future conferences.

15. Of the 55 respondents, 60% were delegates; 5% were workshop presenters; 9% were panel members; and 14% were trade show participants. No equipment exhibition participants or conference committee members completed the form and there were 12% spoiled answers. [Note: totals do not equal 100% because of multiple choice.]

Appendix A

Conference Committee Members

Jim Cameron, Ministry of Small Business, Tourism & Culture [Nanaimo]
Don Clossen, Forest Renewal B.C.
Arnold Harasymchuk, Ministry of Small Business, Tourism & Culture [Courtenay]
Norm McLaren, Comox Valley Economic Development Society
Linda McLean and Gayle Bates, McLean Productions, Conference Coordinators
Harold Macy, North Island Woodlot Association
Dave Scholte, B.C. High School Wood Education Initiative
Roy Summerhayes, Vancouver Island Association of Wood Processors
Buck Tanner, Ministry of Forests

Appendix B

Trade Show Participants

Accel Equipment Corp.
Centre for Advanced Wood Processing
B.C. Wood Fibre Network
Comox Valley Woodworkers' Guild
Enviroquip Sales Ltd.
Forest Renewal B.C.
Masse Sales Ltd.
Ministry of Small Business, Tourism & Culture
North Island Woodlot Association
Northern Rope & Industry Supply Ltd.
Progressive Mill Supplies Ltd.
Vancouver Island Association of Wood Processors
Vancouver Island Independent Pride Wood Products Ltd.
Westwood Mouldings Ltd.

Appendix C

Equipment Exhibition Participants

Cougar Pacific Equipment Ltd.
Enviroquip Sales Ltd.
Husqvarna Forest & Garden ("Woodbug" Small Log Sawmill)
Charlie Parsons (demonstrating for the student educational forum)
Peterson Sawmills
Western Woodlot Equipment Ltd.
Wood-Mizer Canada

Appendix D

Corporate Sponsors

Bank of Nova Scotia
Courtenay Toyota
Huxham & Co., Chartered Accountants
Quinsam Radio Communications Ltd.

skogsägarna
Riksförbundet

1996-05-28

Sven Sjunnesson - APPENDIX E

The Forest Owners Associations in Sweden and their impact on the development of privately owned forestry

by Sven Sjunnesson, Forestry Director of The Swedish Federation of Forest Owners

BACKGROUND

It is a well known fact that Sweden is a country that is in many respects characterised by forest and forest industries. A few statistics will easily verify this fact. Almost 80 % of the country is covered by forest, of which 57 % is productive forest, and more than 50 % of the net income from Swedish foreign trade originates from forestry products such as timber, pulp and paper. That means that Sweden and its economy, social welfare are largely dependent upon what the forest can produce.

Fig. 1

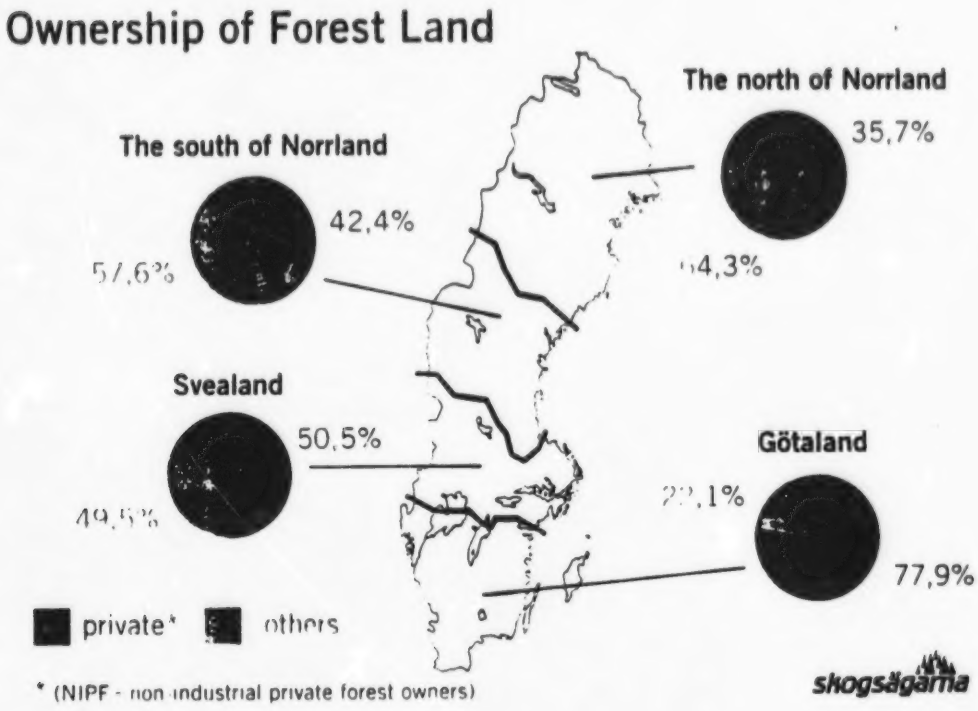
The significance to Swedish economy

Net export comparison 1995 (Billion SEK)

Forest industry products	77,8
Engineering products	38,7
Motor vehicles and auto parts	35,8
Iron and metal	14,0
Medicine	10,1
Iron ore	1,7
Chemical products, excl medicine	-11,3
Food-stuffs	-17,2
Oil, gas and coal	-16,5

Almost 55 % of forest production comes from private forest owners. i.e. grows on privately owned land. Another 45 % comes from company owned land. With this in mind. it is easy to understand the importance of privately owned forest in Sweden and the great interest which the Swedish government shows in how it is maintained.

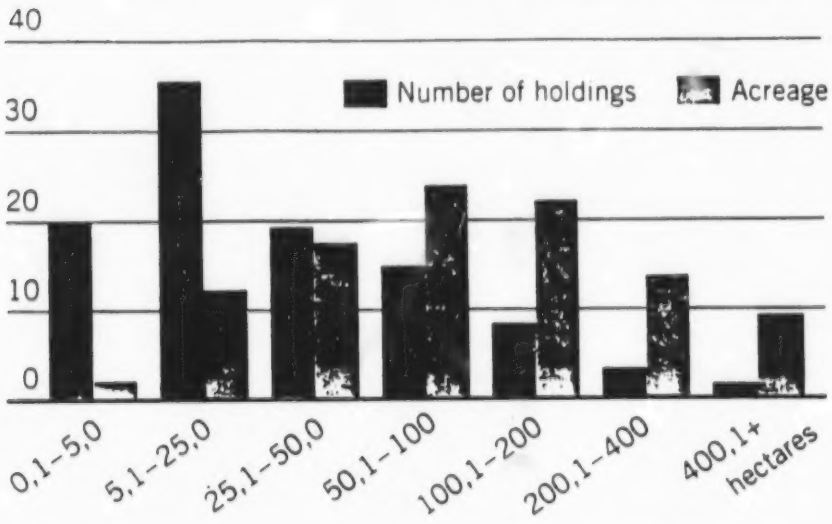
Fig. 2



The Swedish Forest Owners Cooperatives organizes about 50 % of private forest owners. The owners relationship and size of these forests varies considerably, which can be seen in figs. 3 and 4.

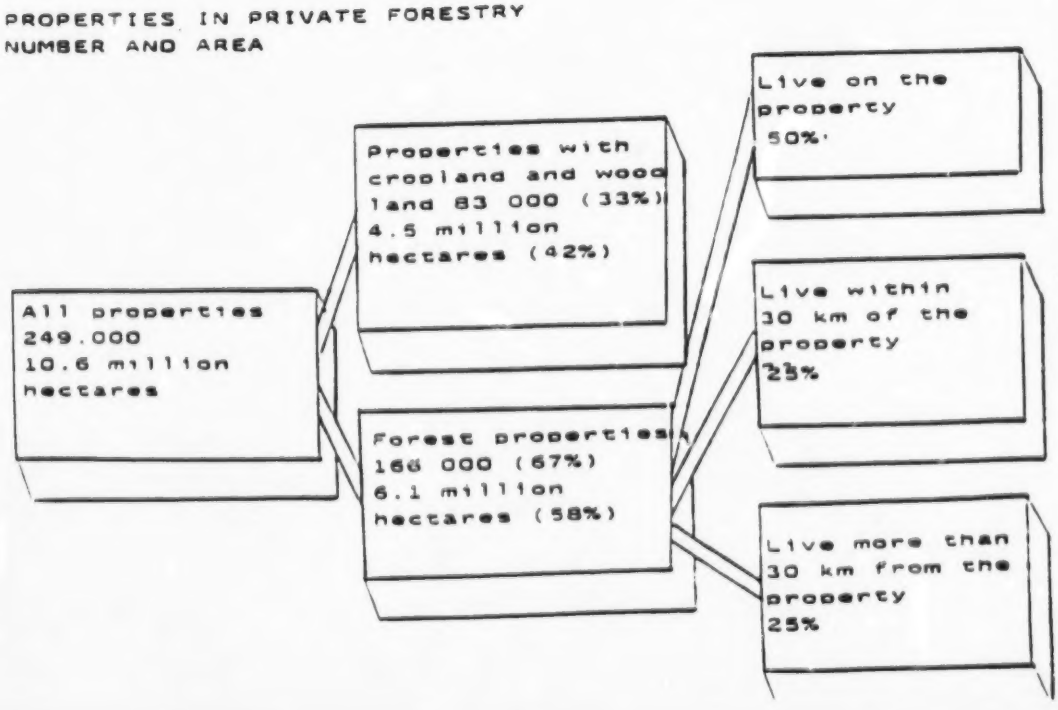
Fig 3

Small family-owned holdings* (%)



*NIPF

Fig. 4



A third of Swedish forest owners are farmers who combine forestry with agricultural farming. Another third live on the farm, but have their main occupation elsewhere and the last third are owners who neither live on nor work their frams themselves. Naturally, this means that forest owners view their forests in different ways and that in turn affects the way in which they tend their forests.

From this you easily can understand that the aims of the different forest owners may differ greatly. They are also dependent upon the owner´s private circumstances.

HISTORY

The Swedish Forest Owners Cooperative Movement started on a very small scale during the 1920s. At that time the Swedish forests were very run down due to mismanagement, over felling, forest grazing and lack of knowledge. This situation resembles much of what we can see today in poor, developing countries. However, at that time there were a few far sighted people who could see the possibility of creating something useful out of the difficult situation in which the country found itself. They started small associations which had the objective of spreading information and advice to forest owners about how they could re-plant their denuded forest. Some of these associations started dealing in timber, primarily firewood, on a small scale. During the Second World War, however, a new opportunity emerged. Sweden was cut off from its supply of coal from abroad, an important raw material for the country´s energy needs. The government therefore appointed a special commission with the task of producing firewood from the country´s own resources. This commission gave the associations a key role in carrying out this task since they were well established and covered the whole country. The associations were given the task of purchasing timber from forest owners and selling it to the state or on the open market. This created a financial base for the associations and a more developed organization could aslo be built up. After the war, the associations continued with this business and were even able to increase the business, but they also found it possible to increase profits for their members by partially processing the timber. A few small saw mills were purchased.

Many changes took place in Swedish business and industry at the beginning of the 1960s. Labour costs increased as did competition, forcing industries to mechanize and introduce new organizations and systems for management. Naturally this aslo affected the forestry sector and the associations had to follow this development. During the period

from 1960 to 1970, therefore, the associations developed into modern forestry enterprises that introduced effective and sohpisticated harvesting and transport systems. A comprehensive advise and service organization was also built up for forest owners. In this way it was possible to supply both the associations´ own and other companies´ industries with a continuous supply of timber. Massive expansions also took place on the industrial side, but expansion went too fast and the associations paid insufficient consideration to the financial consolidation necessary to see them through difficult times. This meant that when the economic recession came at the end of the 1970s, caused by the oil crisis, some of the associations were forced into bankruptcy. This was a hard blow to the whole cooperative idea and many thought that the whole idea of a forest owners´ associations was dead. But with the help of The Fedration of Swedish Farmers and the Federation of Forest Owners in Sweden the associations were able to reorganize. The 1980s was a golden decade for timber trading Scandinavia and trading was the basic strategy of the new associations. The Forest Owners´ Associations were therefore able to make a strong come-back and have now developed into well consolidated enterprises and are in a good position to deal with the economic climate in the 1990s.

THE FOREST OWNERS´ COOPERATIVE MOVEMENT TODAY

Today we have 8 Forest Owners´ Associations in Sweden organized in The Swedish Federation of Forest Owners. As you can see in figures 5, 6 and 8 there are both small associations without any industry and also larger enterprises. Five years ago there were 11 associations, but three have amalgamated with other associations and this trend will continue. Probably we shall have only three or four associations in the future.

Fig. 5

The Forest Owners 1995

Number of members 88 455

Associated area 5,7 mio hectares

Logging 17,9 mio m^3

Number of forestry districts 205

Fig 6.

The Forest Owners´ Associations

Association	*Number of members*	*Associated area 1000 hectares*	*Logging 1000 m³*
Norrbotten	3550	351	494
Västerb.-Övik	10563	739	1100
Norrskog	12988	1014	1913
Mellanskog	13811	936	2614
Mälarskog	8498	600	1786
Värmland	5297	342	1457
Skaraborg	1920	90	567
Södra	31198	5734	7992
Total 1995	88455	5734	17923

skogsägarna

The associations are today cooperative enterprises which are member owned. Membership is open to all forest owners and all members have one vote, irrespective of their size. The associations accept all timber delivered by the members provided it is done in accordance with the agreed rules. Members, in turn, pledge to deliver their timber to the association. Membership also means that every member is treated equally with regard to price, delivery rules, rewarding premiums, service levels etc. The basic ideas behind the cooperatives can be seen in figure 7.

Fig. 7

Basic principles for the Forest Owners´ Co-operation

* Open membership
* One member - one vote
* No political party affiliation
* Paid-in capital for higher product prices
* Equal price for equal performance and equitable distribution of profits
* Activities shall be financed in such a manner that independence is preserved
* Training and information to members and employees
* Collaboration within the farmers' co-operation and with other co-operative groups

A Forest Owners´ Association today is a free-standing enterprise governed by a board which elects a managing director. Members of the board are elected by representatives for the forest owners at an annual general meeting which also elects auditors. The AGM also votes to adopt the annual report and accounts. That means it is a modern form of enterprising where the enterprise is owned by members who also are its main supplyers of rawmaterial. The profit is paid to its owners by giving a better prize for the rawmaterial i.e. the wood.

ORGANIZATION, ASIGNMENTS

Forestry Districts

The associations are orgnized and operate on different levels. The basic activities are carried out in what we call Forestry Districts, which are headed by a forest inspector. He or she is naturally a well trained forest technician who is responsible for local contact with the members in the Forestry District. Together with his/her team. consisting of 2 or 3 forest rangers with specialist functions, they help members with various activities, e.g. contracting of wood, harvesting, silviculture management, planning etc. The Forestry Districts also have local boards elected by members which support the inspectors in their work. Some decisions can be taken by the local board; mainly those concerning local activities and the local budget. A forest district consists of about 500 members and equal about 20.000 to 30.000 hectares. The annual harvest being about 50 - 120.000 m^3.

Members of Forestry Districts are encouraged to carry out forest operations themselves wherever it is suitable and economically viable, but the highly mechanised systems employed today are so efficient that it often makes better economic sense for the owner to employ the services of the association. The associations employ well trained teams of forest workers with modern machines for clear-cutting and thinning and can also carry out forest maintenance work. The forest inspectors also have access to mobile telephones and advanced computer systems for supervising the operations. Forestry Districts can also supply forest owners with high quality seedlings for re-planting. The forest district can also give the forest owners professional advice regarding economy, taxes etc.

Regional level

Forestry Districts in larger associations are organized into regions comprising 5 - 10 districts. A regional director is responsible for all

activities in the region, which, in addition to supervising the forest inspectors also includes coordinating resources such as highly mechanised harvesting systems, selling of sawn timber and other assortments, coordinating transport to sawmills and pulp mills according to fixed schedules using sophisticated computer systems , planning and carrying out training schemes in the area and keeping members informed. A regional office normally employs 6 -7 people.

Head Office

The head office of an association operates and maintains all the administrative systems, e.g. accounting, factoring/invoicing, payment of salaries etc. There is also normally a staff of specialists in harvesting, silviculture and planning. But the most important task carried out at association level is the prize setting and the coordination of the wood sales

THE ASSOCIATIONS AND THE TIMBER MARKET

Up to 1993, an important part of pricing on the timber market took place by means of so-called market price negotiations between the major forestry companies (represented by three purchasing cartels), the forest owner´s associations (sometimes several together), and a number of regional saw mill associations. Arrangements varied somewhat in different parts of the country, but it was generally found that price negotiations on saw timber were more decentraliezed. In addition to the agreed market prices, which only applied to timber delivered to the road side, there has always been a market for standing timber, with "free" pricing. Its size has varied with the business cycle, but has often amounted to a third of the total timber market. The system of market prices has not been at all comprehensive. The parties have frequently been unable to agree on prices, which has lead to one party issuing its own prices. The Forest Owners´ Associations have issued guaranteed minimum prices.

As from 1994, new competion legislation has come in to force, which is based on EU competition regulation. This means, formally, that market price agreements are banned. In practice, this means that forest owner´s associations, forestry companies and individual saw mills each set their prices to forestry owners indepently, and make pure business agreements between each other. The real effects of the change in legislation would appear to be limited, but the "price signals" to the forest owners could possibly become more diffuse. Information will of course have to reach and affect a couple of hunderd thousand people.

The Nordic forest owners´organizations have been quite successful in maintaining good timber prices. They have received a fair amount of criticism from the timber-purchasing industry for this - and sometimes from politicians as well. We see this cirticism as good assessment of our activities. But there must be a reasonable balance between raw material prices and the price of finished goods. Forest owners must ensure that the wood industry has the means for and interest in making forward investments which lead to increased raw material consumption.

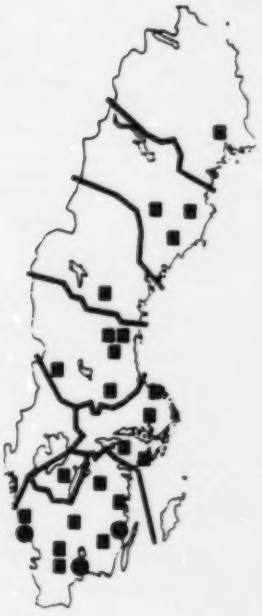
INDUSTRIES

As already mentioned, some associations also run their own sawmills and pulp mills with the aim of getting the best possible price for timber for its members. Despite several hard set-backs, especially during the period 1978 - 1981, this has been found to be a very successful strategy. It enables the associations to put greater pressure on the buyers during price negotiations, but it also provides a better insight into the market and to follow it all the way to the customers of the final product. The associations industrial capacity is shown in fig. 8.

Fig. 8

Production 1995

- 22 sawmills – 1,6 million m^3 sawn timber
- 3 pulp mills – 911 000 tonnes



CAPITAL ACCUMULATION

The capital base of an association consists of shares which members have in their association. The size of each share is dependent upon the taxation value of forest owner´s property. Shares are paid by deduction from settlements for his timber deliveries. An association can also increase its capital through depositions of annual profit to various accounts in the balance sheet. Effort is also made to distribute profits to members via a supplement on payments for deliveries of timber to the association.

THE NATIONAL FEDERATION

At the national level the Forest Owners´ Associations are organized in the Swedish Federation of Forest Owners, which has its head office in Stockholm. The main tasks of the federation are dealing with forestry policies and coordinating certain parts of the operations. Only ten people are employed at federation headquarters. They have close contact with the political parties and institutions and try to maintain a network of contacts among decisionmakers. One important function is representing the associations on various boards and committees dealing with research, forestry policy and development questions.

The Swedish Federation of Forest Owners and individual forest owners´ associations are affiliated to the Federation of Swedish Farmers with which they cooperate in overall guestions of commercial, political policy and cooperation.

The federation publishes a journal "Vi Skogsägare" which keeps members informed and raises issues for discussion dealing with the various political aspects of forestry.

TRAINING OF MEMBERS

The associations have always regarded the education and training of members as an important task. This is carried out mainly in the form of study groups, i.e. forest owners gather in small groups to study a particular subject. Such a course can amount to 5 - 10 meetings of 3 - 4 hours each session. All the material for these courses is produced by the

federation which is also responsible for the necessary introduction of the materials to the associations. So far about 20 such courses have been produced covering various subjects such as harvesting, thinning, safety, silviculture, environmental questions, production of forestry plans, the rights of private ownership etc. The ongoing study campaign deals with production and environmental considerations and how we can fullfill these two main objectives in The Swedish Forestry Act.

SUMMERY OF THE CURRENT SITUATION

To summerize the main objectives of the associations one could say that they exist to improve the profitability of members´ forests and to safequard the interests of private forest owners. This has been expressed in a common goal for the Swedish Forest Owner´ Cooperation: "Free, profitable and active forestry". The principle means to this end are:

- to take responsibility for price setting and round wood trading.
- provide services to members in all their activities such as harvesting, silviculture and planning
- and to inform and train the members.

Some associations also process roundwood in their own sawmills and pulp mills.

On the national level, The Swedish Federation of Forest Owners is responsible for political forestry policies, research and training activities.

SOME REMARKS REGARDING THE DEVELOPMENT OF FORESTRY IN SWEDEN AND PARTICULARY THE PRIVATE FORESTRY.

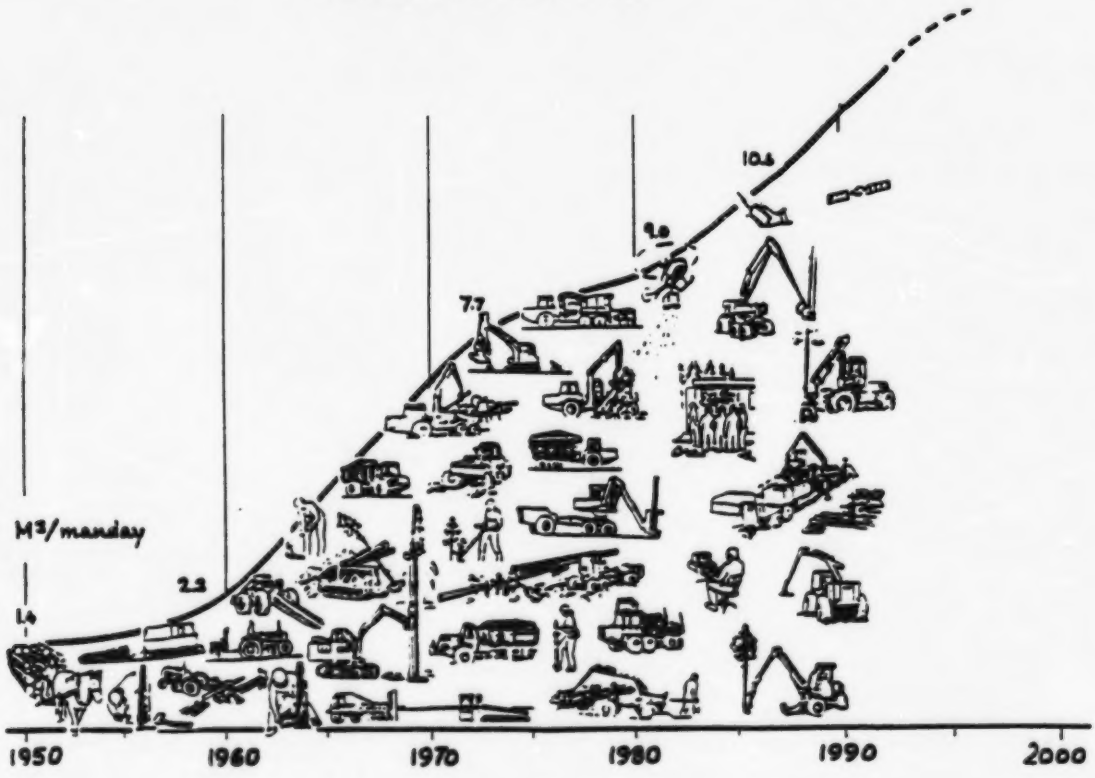
Technical development

Over the past thirty years, Swedish forestry has undergone guite amazing developments of both the technological and the biological kind. Thirty years ago, most timber was cut manually and transported by horse. Today, nearly all cutting work is highly mechanised. Mechanisation, training of the labour force and organizational developments have been

the most important factors behind the increase in productivity which is illustrated in figure 9.

Fig. 9

THE DEVELOPMENT OF PRODUCTIVITY IN SWEDISH FORESTRY 1950-1993.



In many respects, progress was first made by the big forestry companies but private forestry has quickly followed suit and, today, productivity is just as high within small forestry enterprises as it is within large-scale forestry activities. There are two important factors involved here, on one hand the forestry owners´ associations have had a leading role in the introduction of new effective systems and, on the other hand, it has been possible to adapt technical developments to suit small cutting areas in private forestry holding. There is also good reason to mention the fact that company forestry interests and private forestry interests have, for many years, run the eminent research institute in the field of forstry, SkogForsk.

Similar developments have been taking place in the field of silviculture although there is a higher occurrence of manual work in this field, the reason being that forest owners who do not live on their estates like to spend their time doing this kind of work once they are there. Furthermore, the work is not as difficult as cutting work.

If we study the silviculture side of things, we can see that private forestry has often been richer in variety and had a more biological bent. One of the most important reasons for this is that small estates have less need to cut down trees on a large scale and therefore the forest is richer in variety. Furthermore, there is variety in the maintenance of the estates.

Safeguarding political interests

Political intentions as far as forestry is concerned have vacillated several times over the past few decades. Once again, the forestry owners´associations have played an important role. With the help of the national federation, they have tried to influence general decisions in favour of private forestry enterprises. But the field organization of the forestry owners´ associations has had an important part to play in the implementation of decisions by means of training and advising forest owners as well as by providing them with information. The associations have played a vital role here. Thanks to qualified and well-trained staff, the latest information can be spread quickly and efficiently.

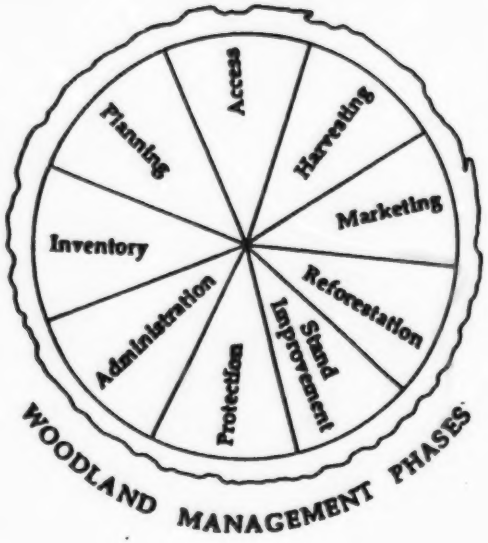
Developing new concepts

Another example of the role played by the forestry owners´associations with regard to progress is the introduction of bio-energy in which the forestry owners´ associations are now leading the field when it comes to the introduction of bio-fuels. They have pioneered development work from the start and are now the most important suppliers of bio-energy. Another example where the associations have introduced new ideas to forestry is the use of information technology. With its help, the work of the associations has been made more effective but, most important of all, is the fact that information can now be quickly passed on to the forestry owners.

Entering the Forest Management Cycle

What it takes?

- Well defined goals
- commitment
  - way of life
  - financial
- knowledge
  - phase contacts
  - information share
  - professional assistance
- patience
- cash
- business plan/management plan



What is in it for you?

- self satisfaction
- the money
- improved forest health and quality
- knowledgable about your environment
- try innovative techniques
- generational commitments
- achievement
- conserve and improve forest ecology for yourself and the larger community

Mike Larock - APPENDIX F

Once you have acquired the land base and have made the decision to manage a forest for specific goals then you have entered the forest management cycle.

The forest management cycle contains many challenges, obstacles and rewards.

1. Challenges : Generally categorized in two types -
   (a) Administration eg. taxes, contracts, cutting permits
   (b) Biology eg. seedlings, root disease, ecosystem awareness

2. Obstacles : money, cash flow
   : knowledge
   : pressure to develop and subdivide

3. Options of turning your property into the kind of Woodlot you want.

   (a) MacMillan Bloedel Hybrid Poplar forest

   (b) Farm land edge

   (c) Small scale forestry treatments: small areas of individual prescriptions (site prepare, plant, and tend one area)

   (d) Small scale forest management: includes area management planning and a broad mosaic of forest types and treatments.

   (e) Visit other woodlot or woodland areas or join the North Island Woodlot Association to refine your goals.

Additional Source Material

- Managing Your Woodland - Canadian Forest Service
  506 West Burnside Road
  Victoria B.C. V8Z 1M5
- Forestry from the Ground up - Course
- Successful Forestry - Canadian Forest Service
  Canadian Government Publishing Centre
  Supply and Services
  Ottawa, Ontario K1A 0S9
- Regenerating B.C. Forests - UBC Press

FORESTRY

Managing Your Woodland:

A Non-Forester's Guide To Small-Scale Forestry In British Columbia

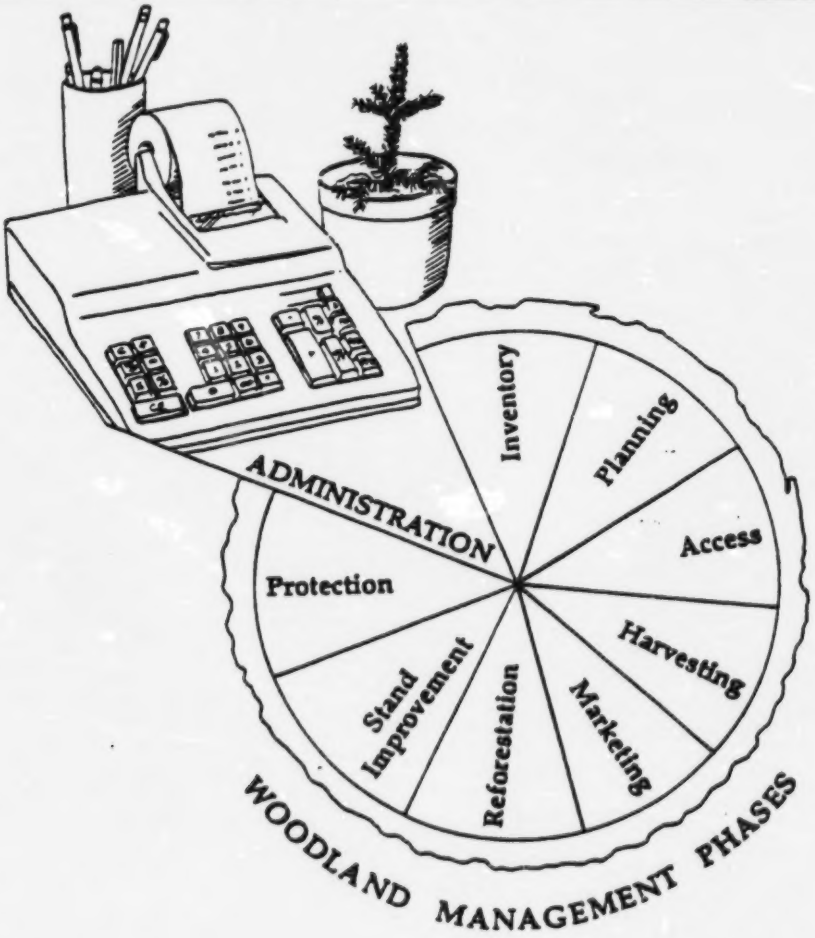
Reprinted – 1992
Update included

This printing has been funded by the Canada-British Columbia Partnership Agreement on Forest Resource Development: FRDA II

FOREST RESOURCE DEVELOPMENT AGREEMENT

Canada

BC



Small-scale woodland management is not a 'get-rich-quick' venture in British Columbia. Managing a forest property can be a complex business, and its success depends on the owner's understanding of the financial requirements and potential returns of the tasks he undertakes. With careful planning and decision-making, a small woodland can provide financial and many other benefits to the operator, now and in the future.

This chapter is intended for the family-oriented woodland owner or licensee, who will likely have income from other sources. It provides the basic framework for developing a Business Plan and Accounting System for a small woodland property.

The next step is to determine the costs of producing and delivering the scheduled quantities of forest products. These costs include the direct costs of production (such as logging), the costs of managing the forest (such as inventories and stand tending), and the costs of doing business (taxes, rent, office equipment). This information provides the basis for an annual cost forecast.

With the revenue and cost forecasts you will develop the annual and five-year budgets for your woodland. At the end of each year the annual budget is compared with the actual expenditures for that year, and a new budget is prepared for the following year. At that time the five-year budget is also re-evaluated, and updated to include another year.

As part of the business planning process, you will need to identify where the money needed to finance your woodland operations will come from. This will involve determining the amount of capital needed, and when, to finance specific operations (e.g. road development in Year 1; juvenile spacing and cone collection in Year 2; logging costs in Year 3; site preparation and commercial thinning in Year 4; planting in Year 5). In addition to the revenue you generate from the woodland, there are other sources of funding on which you can draw, including such things as small-business loan programs, and federal and provincial assistance programs (see the chapter "Getting Help").

These are the general concepts involved in developing a Business Plan for your woodland operations. A set of comprehensive guidelines for "Preparing a Business Plan" as well as other general materials on operating a small business are available from the Ministry of Economic Development, your local Chamber of Commerce, or the Bank of Montreal.

What Kind Of Accounting System Do I Need?

A simple one. A system that is straightforward and easy to use, and that indicates clearly all the activities and transactions that take place on your woodland property. It will have two parts: a set of Budget accounts, which projects future revenues and costs; and a set of Actual accounts, which records past revenues and costs.

Some recommendations for developing your Accounting System include:

- Keep it simple. You can always expand as needed.
- Keep it to a calendar year; quarterly or semi-annual statements can be derived as needed.
- Start with a minimum of account headings (called ledgers), perhaps 5 to 10; these can be subdivided later on as necessary.
- Record all revenues and costs to the nearest dollar. Pennies mean a lot of space and arithmetic that is not necessary for this level of accounting.
- Back up all entries with invoice copies or receipts. (If you don't get a formal receipt for each transaction, be sure to write down a brief description and the amount received or paid, and put it in the appropriate file.)
- Keep your files and ledger up to date. (This is the hardest one!)
- Use a cash system. Leave considerations of depletion, amortization, and depreciation to the experts.
- Include capital costs for machinery, improvements, office equipment, etc.
- Keep track of your own (and your family's) time on work related to your woodland.

For those of you who have never before needed an operating plan or budget, consider seeking advice from an accountant or bookkeeper to set up a record keeping system for your particular needs. A few dollars invested in setting up a clear and appropriate accounting system will make it much easier for you to control and save dollars in the management of your woodland.

YEAR 1

Revenues

• 200 m^3 of logs from road right-of-way @ \$40/m^3		\$ 8,000

Costs

1. Direct Logging Costs		
• 200 m^3 felled & bucked @ \$4/m^3	\$ 800	
• 200 m^3 skidded off right-of-way @ \$10/m^3	2,000	
• 200 m^3 loaded and hauled to mill @ \$5/m^3	1,000	
• 200 m^3 scaled @ \$0.50/m^3	100	
• other	100	
	4,000	4,000
2. Indirect Costs		
• Annual rental @ \$0.25/m^3 of AAC *	\$ 250	
• Office expenses (estimate)	200	
Insurance (half of vehicle, and liability)	600	
• Legal and Accounting	1,000	
• Association Dues (Woodlar.. Association, etc.)	150	
• Travel, Accommodation, Meals (estimate)	300	
• Subscriptions (publications, etc.)	100	
• Other	100	
	2,700	2,700
3. Stumpage		
• 200 m^3 @ \$8/m^3		1,600
4. Forest Management		
• Engineering (estimate)	\$ 500	
• Cruising and Inventory	nil	
• Mapping	nil	
• Management and Development Plans	nil	
• Protection (estimate)	500	
• Site Supervision (estimate)	1,000	
	2,000	2,000
5. Silviculture		
• Cone Collection	\$ 100	
• Seed Extraction and Storage	100	
	200	200
6. Capital Costs		
• Roads – 1 km @ \$10,000/km	\$10,000	
• Forestry survey equipment	1,000	
• Office equipment	500	
	11,500	11,500

YEAR 1 CASH FLOW ESTIMATE **(\$14,000)**

* prorated and charged for Crown land portion of Woodlot Licence. If the Woodlot Licence has private land included, there would also be an allowance for property taxes (see the chapter "Stumpage And Taxes").

At the end of Year 1, the Year 2 budget is adjusted and updated with any changes in plans, and also the budgets for the third, fourth and fifth years. At this time another budget year will be added to the Business Plan (on the basis of the new year added to the five year Development Plan).

YEAR 2

Revenues

• 2 000 m^3 of logs from Management Area 2 @ $40/$m^3$		$ 80,000
• 20 cords of firewood @ $60/cord (delivered)		1,200
• Cedar boughs and floral material (estimate)		300
		$ 81,500

Costs

1. Direct Logging Costs		
• 2 000 m^3 felled & bucked @ $3.50/$m^3$	$ 7,000	
• 2 000 m^3 skidded to landing @ $8/$m^3$	16,000	
• 2 000 m^3 loaded and hauled to mill @ $7.50/$m^3$	15,000	
• Landings and Skid Roads (estimate)	4,000	
• Scaling: 2 000 m^3 @ $0.50/$m^3$	1,000	
• Slash Disposal – 5 ha @ $300/ha	1,500	
	44,500	44,500
2. Indirect Costs		
• Annual rental @ $0.25/$m^3$ of AAC	$ 250	
• Office expenses (estimate)	200	
• Insurance (half of vehicle, and liability)	600	
• Legal and Accounting	1,000	
• Association Dues (Woodland Association, etc.)	150	
• Travel, Accommodation, Meals (estimate)	300	
• Subscriptions (publications, etc.)	100	
• Other	100	
	2,700	2,700
3. Stumpage		
• 2 000 m^3 @ $8/$m^3$	16,000	
• 20 cords firewood @ $1.50/cord	30	
	16,030	16,030
4. Forest Management		
• Engineering	nil	
• Cruising and Inventory (estimate)	1,000	
• Mapping (estimate)	500	
• Management and Development Plans	nil	
• Protection (estimate)	500	
• Site Supervision (estimate)	2,000	
	4,000	4,000
5. Silviculture		
• Site Preparation - 5 ha @ $200/ha	1,000	
• Sowing Request (5000 seedlings) advance payment	250	
• Silvicultural Survey (estimate)	500	
	1,750	1,750
6. Capital Costs	nil	

YEAR 2 CASH FLOW ESTIMATE	**$ 12,520**

The budgets for the third, fourth, and fifth years will continue in this format, but with less detail.

A SURVEY OF PRIVATE FOREST LAND OWNERS IN BRITISH COLUMBIA : AUGUST 1988

This section is included in the report to provide a general indication of the wide range of concerns reported by the forest land owners. No estimates have been provided of the number or percentage of owners reporting each concern. Where similar comments were reported by many respondents, two or three versions were included to emphasize its importance. In some instances the owners' comments have been edited for the sake of brevity or confidentiality, but every effort was taken to ensure that the essence of the comment remained unchanged, as well as to ensure that the confidentiality of the respondent was not jeopardized.

Some of the shorter comments concerning the major obstacles to forest land management, and other relevant comments, are listed below.

Financial and economic factors included:

- "Major obstacle-- money."
- "Major barrier, of course, is lack of funding."
- "Getting trees to plant at a reasonable rate, and land preparation costly. Money assistance in general."
- "Major barriers I face in managing my forest land is lack of money and equipment."
- "The high cost of clearing land, hiring equipment and labor."
- "What benefits would replanting land to forests do for me over the next 20 years, as I have put a lot of money to have this land put into agricultural use?"
- "No markets for minor products and pulp and high costs of stand tending."
- "Major barrier to me is Marketing. We need a private land owners marketing co-operative or association. Also need simple lists of specs for marketing different species, quality, kinds (poles, pilings, etc.) bucking to length and minimum diameter. We need knowledge, mechanisms.

Tree planting and site tending factors included:

- "I want to know where I can get help and trees for planting."
- "I wish there was more information and assistance available on how to plant seedlings and improve land for future generations. It's easy to harvest but not so easy to know what to do for long range planning."
- "More information on tree varieties to plant."
- "Could use some assistance re: fertilization and insect control."
- "Insect damage and control would be our greatest concern."
- "My major current concern is management of bug infestation and disposal of bug infested trees, and the protection of my trees and the trees in the surrounding area."
- "At present, fire is a severe hazard due to both dry climatic cycle and beetle kill. Arson has been a serious threat."
- "The property is on an island so access is difficult together with finding someone to log it."
- "Access is the only barrier to managing my forest lands efficiently."
- "Problems with selective logging with present day equipment and long logs (tree length)."
- "Logging should be done with smaller equipment, more care and less waste."

Government, political or taxation factors included:

- "Major problem is prolific data requirements by Ministry of Forests and B.C. Assessment Authority."
- "Taxes are increasing too fast to make any improvements possible at this time."
- "Land has to be used in conjunction with agriculture or the taxes will kill you. Too long between harvests. Would do more planting if some form of help was available."
- "Major barrier is provincial property taxation based on unrealized value instead of income."
- "Major barrier: to pass the property intact to my children. The capital gains tax may make it impossible as only 10 acres are exempt."
- "If it is profitable to raise timber and there are planting or assistance programs it should be advertised as there are many people holding land that would not realize the potential."
- "I feel the Crown forest land management should be improved first."
- "I would not trust the bureaucrats in Forest Service to have any say in how I manage my Forest Lands. They haven't learned yet that a long term sustained yield forestry objective is the best forestry practice rather than large scale cutting to service social objectives of the province.

Environmental concerns included:

- "I believe that too many trees are being removed from our farming area. I have seen a steady escalation of wind erosion due to fewer trees."
- "I still believe that the animals and birds need someone to look after forest land for their use."
- "Most of the trees are on very steep and rough ground. The quite dense trees and underbrush provide a sanctuary for considerable wildlife."
- "My private forest is for shelter for livestock and wildlife. Wood from my Woodlot License has been sold to local mills."
- "Present forest land should be conserved, maintained to keep the environment viable. No strip mining. No pesticides/herbicides."

Other comments included:

- "My main problem is other people cutting wood on my property. When I catch them at it, their reply is that it is not completely fenced so they didn't know it was private property."
- "Illegal wood cutters cut approximately 15 acres of my property."
- "Encourage formation of associations and establish formal links between information sources and associations."
- "A major barrier is time and inexperience in forestry. But that is offset by a genuine interest in trees and their cause."
- "The major barrier for most ranchers is that our timber areas are too small to make them viable for much more than farm use; and the fact that we do not have the resources or knowledge to properly manage the timber."
- "Need additional cutting rights, in addition to my private lands. I have made 2 applications and have been rejected because of non-availability of quota. With a Crown based woodlot I could afford to improve my adjacent forest lands.
- "As a rancher I would like to see more of the Woodlot Licenses issued as I feel the major forest companies do not have the time to put into the land what they take out."
- "Major barrier: getting an RPF interested in so small a parcel as 80 acres in order to get a survey done. Also you need 3 proposals if you can't get an RPF. Also, constantly being approached by logging contractors and not really knowing the value of timber and percentage entitlement due to me, as the landowner."
- "We also run a small sawmill which recovers lumber and fencing from unsalable wood, chunks, snags, etc."
- "I would like to grow and raise some trees on my property for future selling and cutting, but I do not know who a person should discuss this with or what should be done about it."

Characteristics in Value-Added Wood Products

- Industry is characterized by a large number of small and medium sized firms.
- Firms produce a diverse product range and sell to a broad market base.
- Trends are for increased number of small and mid-sized firms producing more tertiary (finished) goods.

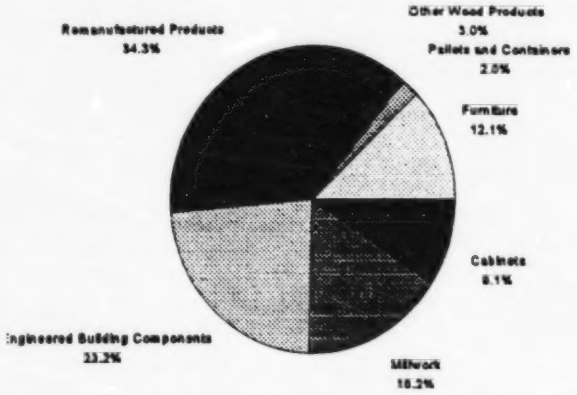


Figure 1 Employment by major product groups in the value-added wood products industry in B.C.
Source: Forintek, J. McWilliams, Document #203

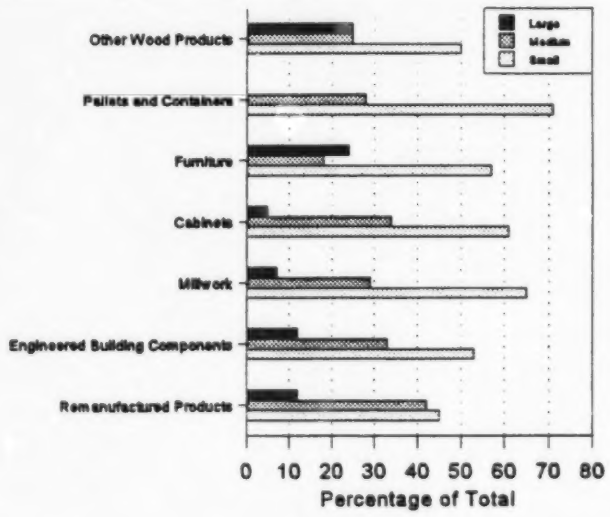


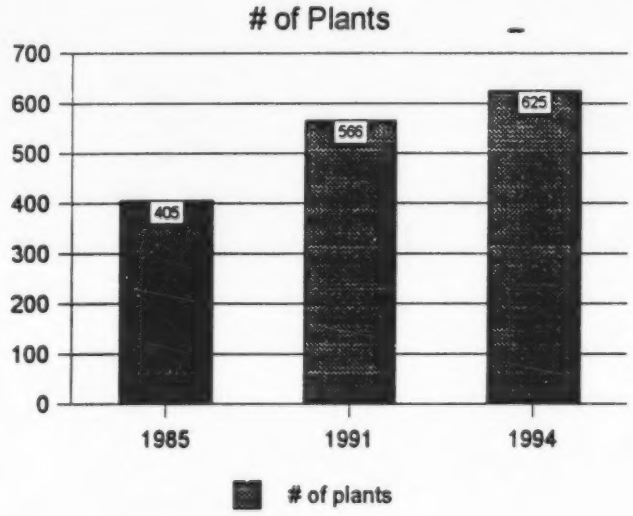
Figure 2. Size of plants by major product groups in the value-added wood products industry in B.C.
Source: Forintek, J. McWilliams, Document #203

Value-Added Sector in B.C.

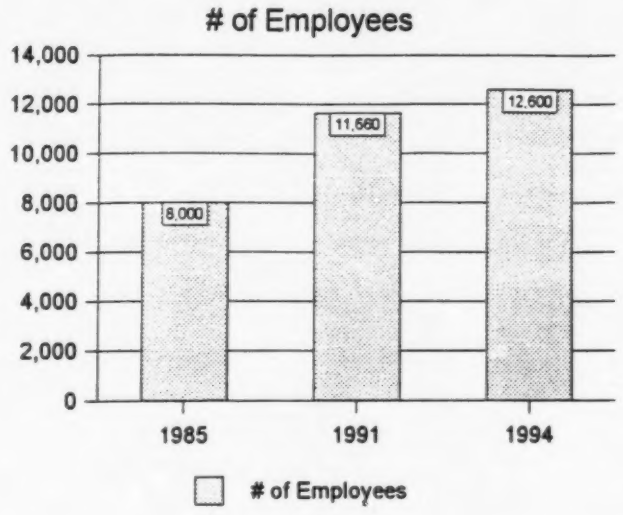
Expanding Value-Added Industry in B.C.

- Increased demand for further processed products in foreign and domestic markets.
- Maximizing utilization of fibre
- Increasing employment
- Extracting maximum value of fibre

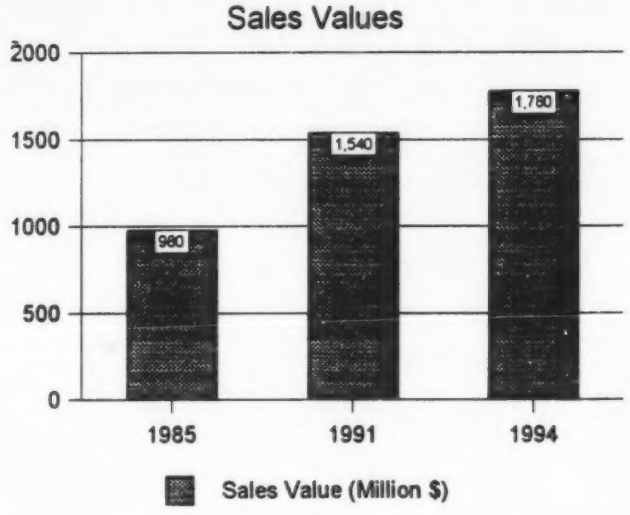
Value-Added Sector in B.C.



Source: Forintek, J. McWilliams, Document #203 and BCWSG estimates



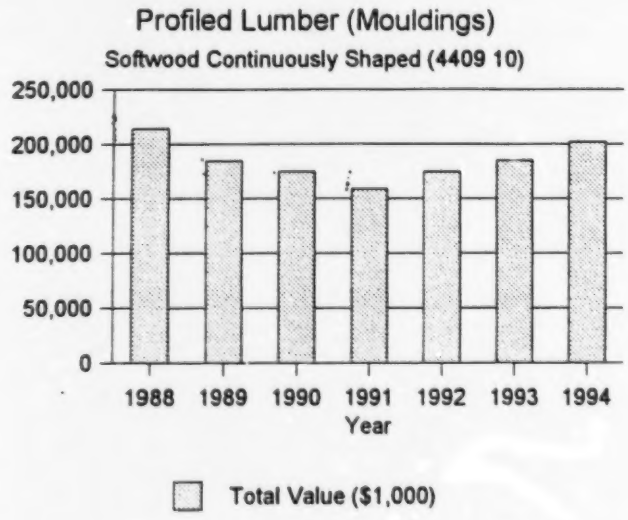
Source: Forintek, J. McWilliams, Document #203, and BCWSG Estimates



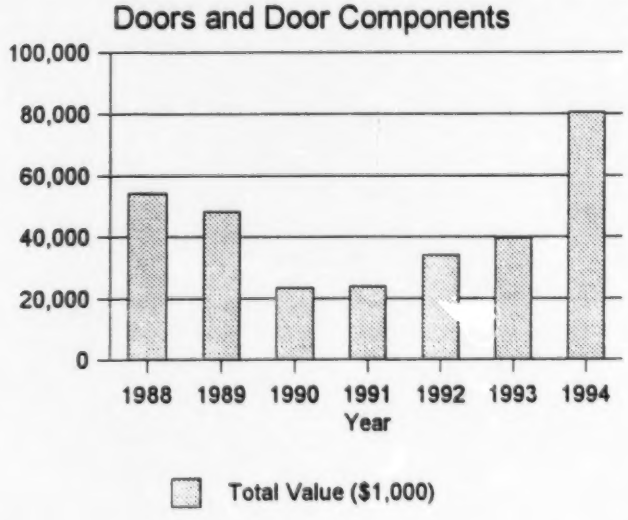
Source: Forintek, J. McWilliams, Document #203, and BCWSG Estimates

Recent Growth in Shipments of Finished and Semi-Finished Products in North America

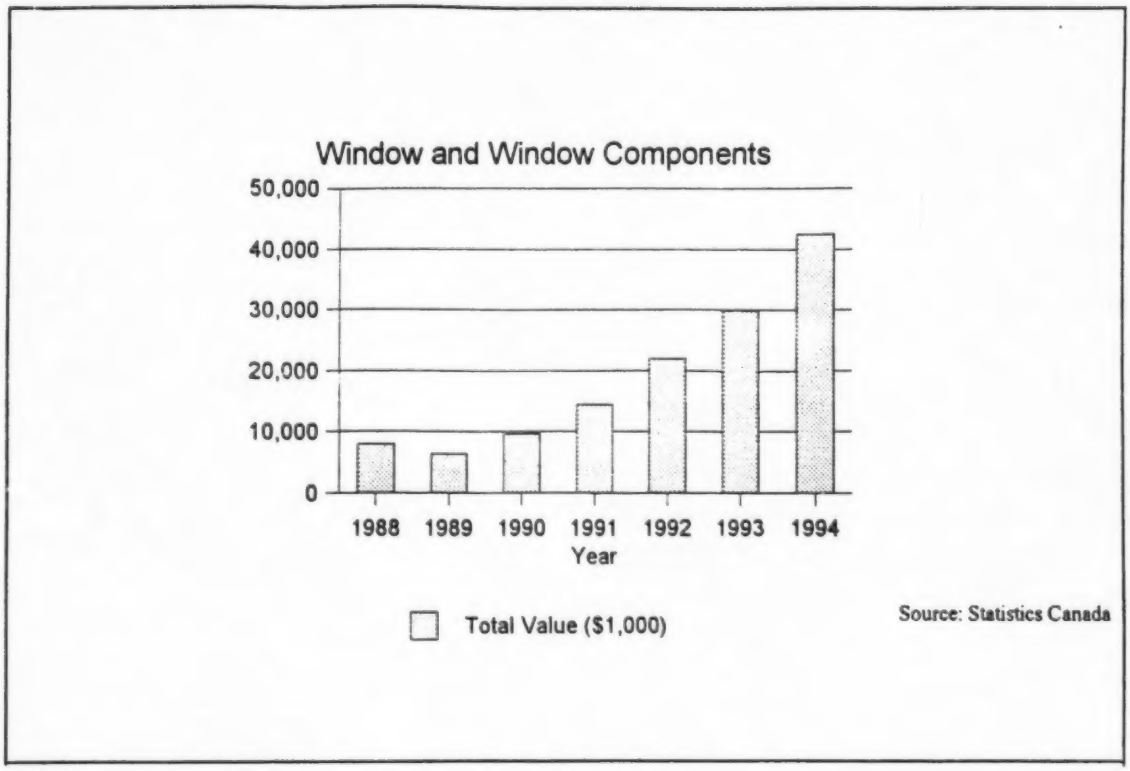
- Profiled Lumber - Mouldings
- Doors and Door Components
- Windows and Window Components
- Value-Added Products vs. Commodity Lumber



Source: Statistics Canada



Source: Statistics Canada


Window and Window Components
50,000
40,000
30,000
20,000
10,000
0
1988
1989
1990
1991
1992
1993
1994
Year
Total Value ($1,000)
Source: Statistics Canada